
SUMMARY OF FUND BALANCE PROJECTIONS

**As of December 31, 2003
(Unaudited)**

Projections of fund balance are an indicator of the estimated financial condition of the County at year-end. The current year projection (year-end 2003) is based on year-to-date information together with departmental estimates of revenues, expenditures and net transfers for various fund types. Fund balances are projected separately for General, Special Revenue, Enterprise, Internal Service, Debt, and Capital Project Fund types. For a description of the County's financial structure and descriptions of funds see the Summary section of the 2004 Adopted Budget.

Total combined estimates of fund balances at December 31, 2003 are projected at \$128.2 million, an increase of \$472,000 from December 31, 2002 year-end combined fund balances. Of the combined fund balance amount, \$98.7 million is reserved (by State Law, County Board ordinance, etc.) for specific future use exclusively within each particular fund. A summary of projected fund balance by fund type is described below.

December 31, 2003

General Fund Balance - The estimated fund balance for the General Fund is projected at \$58.5 million, an increase of \$3.0 million from 2002. This increase results mainly from estimated 2003 revenues in excess of expenditures of over \$5.2 million offset by over \$2.2 million of general fund balance net transfers out in 2003 (see "working capital" managed plan reduction). These transfers out of the general fund include \$565,700 for the End User Technology Fund, \$333,000 for the Walter Tarmann Parkland Acquisition Fund, and \$723,000 for 2003 capital projects. Of the \$58.5 million projected balance, \$31.7 million is reserved or designated for specific future use by County ordinance or State law, which includes fund balance appropriations for 2004 budget purposes totaling \$8.3 million. Of this amount, \$3.6 million is prior years' jail assessment fees that will be used for the jail expansion project. See Capital Project section for other significant one-time uses of fund balance appropriations. The unreserved portion of the fund balance is estimated at \$26.3 million, a decrease of almost \$1.5 million from 2002.

Special Revenue Fund Balance - The December 31, 2003 estimated fund balance is \$11.8 million, an increase of about \$1.7 million from 2002. This increase results from projected departmental revenues under expenditures of \$1.2 million and net transfers in of \$580,000. The unreserved portion of fund balance is estimated at \$4.2 million.

SUMMARY OF FUND BALANCE PROJECTIONS, Cont.

Working Capital - The unreserved General Fund balance combined with the unreserved Special Revenue Fund balance (governmental funds, excluding debt and capital projects) provides working capital for over nine weeks of operations based on the 2004 expenditure budget. In addition, the ratio of governmental funds unreserved fund balance to governmental expenditures for year-end 2003 is estimated at 18.7%, a decrease from the 19.9% at year-end 2002. This estimated percentage exceeds the County's goal of at least 11%, which provides sufficient cash flow for the County's operations, and will require greater planning efforts to meet the target goal of 15%.

Enterprise Fund Balance - Fund balance is projected at \$11.2 million, an increase of about \$147,000 over 2002, resulting mainly from revenues in excess of expenditures. The enterprise funds include three golf courses, two indoor ice arenas, an exposition center, radio services, a materials recycling facility, and an airport development fund.

Internal Service Fund Balance - Year-end 2003 fund balance is estimated at \$14.5 million, which is \$249,000 less than 2002. Internal Service Funds include vehicle/equipment replacement, end user technology equipment replacement, central fleet maintenance, central services, telephone communications, records management, collections, and risk management (general liability and worker's compensation). These funds are reserved mostly for vehicle/equipment and computer replacement assets; general liability and worker's compensation claims incurred but not paid; and incurred but not reported (IBNR) claims that are actuarially determined.

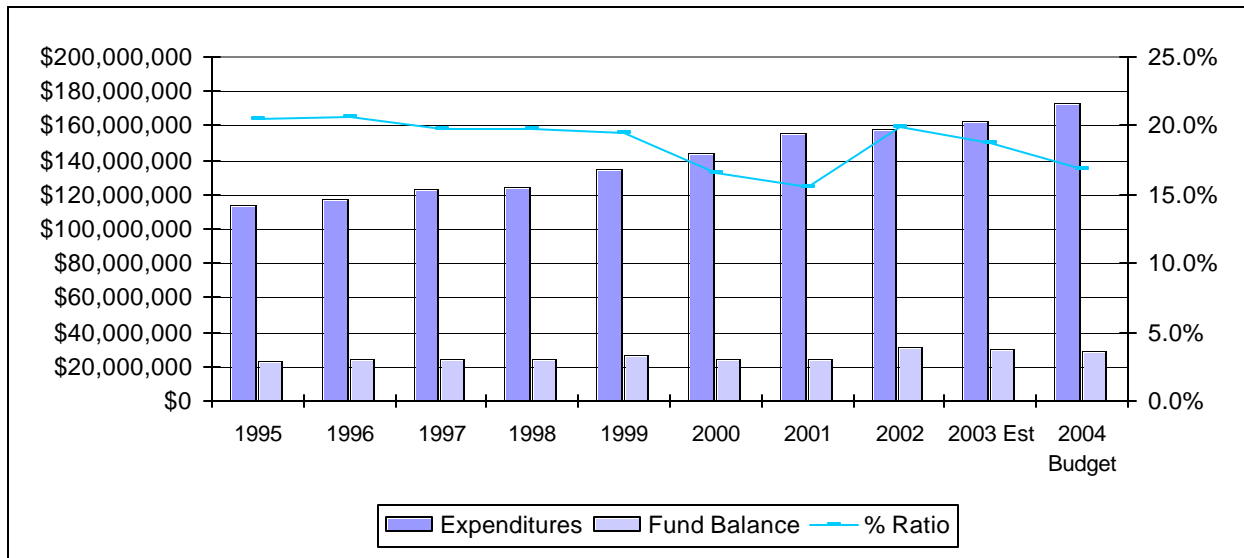
Debt Service and Capital Projects - Projected combined fund balances at year-end 2003 total \$32.4 million, a decrease of \$4.0 million from the prior year. The entire fund balance in both of these fund types are reserved for existing capital projects and related debt retirement purposes.

December 31, 2004

The year-end 2004 projection is based on 2004 budgeted revenues, expenditures, and estimates on completion of capital projects appropriated in prior years. At year-end 2004, total combined fund balances are estimated at \$115.1 million, a decrease of \$13.1 million from the estimated 2003 level. Of the estimated combined year end 2004 total fund balance, \$85.9 million is reserved for specific future use (legally restricted) within the particular funds, and \$29.2 million is estimated to be the unreserved fund balance. This is an estimated decrease in unreserved fund balance of about \$1.3 million from year-end 2003.

GENERAL & SPECIAL REVENUE FUNDS

Expenditures, Undesignated Fund Balance



Expenditures and Undesignated Fund Balance
General and Special Revenue Funds

<u>Year</u>	<u>Expenditures</u>	<u>Undesignated Fund Balance</u>	<u>% Ratio</u>
1995	\$113,969,496	\$23,277,532	20.4%
1996	\$116,912,754	\$24,164,727	20.7%
1997	\$123,009,105	\$24,272,650	19.7%
1998	\$123,941,865	\$24,568,323	19.8%
1999	\$134,536,939	\$26,170,810	19.5%
2000	\$144,241,335	\$23,920,813	16.6%
2001	\$156,232,272	\$24,220,880	15.5%
2002	\$157,722,828	\$31,315,948	19.9%
2003 Est	\$163,231,920	\$30,515,342	18.7%
2004 Budget	\$173,455,839	\$29,219,632	16.8%

Policy and Practice

The County will maintain unrestricted fund balances to provide necessary working capital to avoid cash flow interruptions and short-term borrowing to fund daily operations and to maintain the County's Aaa/AAA bond ratings.

The unrestricted governmental (general and special revenue) fund balance to governmental expenditures ratios will be maintained at a minimum of 11% or about eight weeks of working capital for operations (Current target 15%).

Fund balance reserves will not be used to offset continuous operation costs.

To the extent possible, reserves will be used to provide operating efficiencies over the long term.

The estimate for 2003 does not include unrealized gains or losses on investments. While the County typically holds these investments to maturity, generally accepted accounting principles require that these investments be recorded at their fair value. In 2002, unrealized gains resulted in additional income/unrestricted fund balance of \$2.4 million.

**SUMMARY OF PROJECTED FUND BALANCE
AS OF DECEMBER 31, 2003**

SCHEDULE 1

	General Fund	Special Revenues	Enterprise	Internal Service	Debt Service	Capital Projects	Totals
Fund Balance December 31, 2002	\$55,490,113	\$10,042,100	\$11,082,088 (C)	\$14,702,554 (C)	\$3,491,044	\$32,944,777	\$127,752,676
Reserved/designated fund balance	27,718,886	6,497,379	11,082,088	14,702,554	3,491,044	32,944,777	96,436,728
Unreserved Fund Balance January 1, 2003	\$27,771,227	\$3,544,721	\$0	\$0	\$0	\$0	\$31,315,948
Excess of Revenues over (under) Expenditures	5,229,476	1,169,456	547,084	(744,932)	(704,846)	(5,024,472)	471,766
Net Operating Transfers in (out)	(2,201,248)	579,565	(400,000)	495,683	450,000	1,076,000	0
Excess of Revenues & Other Financing Sources over (under) Expenditures	\$3,028,228	\$1,749,021	\$147,084	(\$249,249)	(\$254,846)	(\$3,948,472)	\$471,766
Total Projected Fund Balance Dec. 31, 2003	58,518,341	11,791,121	11,229,172	14,453,305	3,236,198	28,996,305	128,224,442
Reserved/Designated Fund Balance	32,228,527 (A)	7,565,593 (B)	11,229,172 (C)	14,453,305 (C)	3,236,198	28,996,305	97,709,100
Total Projected Unreserved Fund Balance	\$26,289,814	\$4,225,528	\$0	\$0	\$0	\$0	\$30,515,342

Footnotes:

(A) Includes \$8,330,668 designated in the 2004 budget.

(B) Includes \$1,437,839 designated in 2004 budget.

(C) The Enterprise and Internal Service Fund balances include fixed assets and funds budgeted for ongoing capital projects, and may include some unreserved funds.

**SUMMARY OF PROJECTED FUND BALANCE
AS OF DECEMBER 31, 2003**

SCHEDULE 2

	General Fund	Special Revenues	Enterprise	Internal Service	Debt Service	Capital Projects	Totals
Revenues:							
General Intergovernmental	\$8,149,355	\$59,964,371	\$1,131,600	\$	\$	\$4,478,869	\$73,724,195
Taxes	44,373,401	19,081,861	843,053	655,000	10,988,538	4,667,706	80,609,559
Fines/Licenses	2,000,355	450,000					2,450,355
Charges for Services	13,650,536	5,938,883	5,985,156	302,557		276,000	26,153,132
Interdepartmental Revenue	2,630,519	365,704	350,017	9,522,739			12,868,979
Interest Income	4,749,146	130,000			360,000	500,000	5,739,146
Other Revenue	3,350,833	4,795,888	628,850	1,192,045		13,500,000	23,467,616
Total Revenues	\$78,904,145	\$90,726,707	\$8,938,676	\$11,672,341	\$11,348,538	\$23,422,575	\$225,012,982
Expenditures:							
Personnel Costs	\$51,317,647	\$28,415,770	\$2,467,549	\$3,031,474	\$	\$	\$85,232,440
Operating Expenses	14,923,302	55,271,488	4,416,805	8,972,195			83,583,790
Interdepartmental Charges	6,560,381	5,090,349	1,507,238	413,604			13,571,572
Fixed Asset/Capital Projects	873,339	779,644				28,447,047	30,100,030
Debt Service					12,053,384		12,053,384
Total Expenditures	\$73,674,669	\$89,557,251	\$8,391,592 (A)	\$12,417,273 (A)	\$12,053,384	\$28,447,047	\$224,541,216
Excess of Revenues over (under) Expenditures (B)	\$5,229,476	\$1,169,456	\$547,084	(\$744,932)	(\$704,846)	(\$5,024,472)	\$471,766

Footnotes:

(A) Net of capital projects expenditures and revenues.

(B) Budgeted fund balances are responsible for the deficit amounts.

**SUMMARY OF PROJECTED FUND BALANCE
AS OF DECEMBER 31, 2004**

SCHEDULE 3

	General Fund	Special Revenues	Enterprise	Internal Service	Debt Service	Capital Projects	Totals
Fund Balance December 31, 2003	\$58,518,341	\$11,791,121	\$11,229,172	\$14,453,305	\$3,236,198	\$28,996,305	\$128,224,442
Reserved/designated fund balance	32,228,527	7,565,593	11,229,172	14,453,305	3,236,198	28,996,305	97,709,100
Unreserved Fund Balance January 1, 2004	\$26,289,814	\$4,225,528	\$0	\$0	\$0	\$0	\$30,515,342
Excess of Revenues over (under) Expenditures	(1,261,671)	(1,237,839) (A)	867,763	(358,306) (A)	(4,900,000) (A)	(6,260,570) (A)	(13,150,623) (A)
Net Operating Transfers in (out)	(8,642,837)	(200,000) (B)	(350,000) (C)	172,267 (D)	4,000,000	5,020,570	0
Excess of Revenues & Other Financing Sources over (under) Expenditures	(\$9,904,508)	(\$1,437,839)	\$517,763	(\$186,039)	(\$900,000)	(\$1,240,000)	(\$13,150,623)
Total Projected Fund Balance Dec. 31, 2004	48,613,833	10,353,282	11,746,935	14,267,266	2,336,198	27,756,305	115,073,819
Reserved/Designated Fund Balance	22,713,090	7,034,393	11,746,935 (E)	14,267,266 (E)	2,336,198	27,756,305	85,854,187
Total Projected Unreserved Fund Balance	\$25,900,743	\$3,318,889	\$0	\$0	\$0	\$0	\$29,219,632

Footnotes:

- (A) Budgeted fund balances are responsible for the deficit figures.
 (B) Planned use of fund balance in the 2004 budget for the Tarmann Land Acquisitions Fund (\$100,000 from the General Fund, \$150,000 from the Golf Course Fund, and \$200,000 from the Materials Recovery Facility) offset by a \$650,000 transfer to the Capital Projects fund from Human Services.
 (C) Planned transfer of Golf Course (\$150,000) and Materials Recovery Facility (\$200,000) fund balance to the Tarmann Land Acquisitions Fund.
 (D) Planned use of General Fund balance in the 2004 budget for the End User Technology Support fund (\$247,267) offset by a \$75,000 repayment from the Collections Fund to the General Fund as repayment of prior year start-up funds.
 (E) The Enterprise and Internal Service Fund balances include fixed assets and may include some unreserved funds.